

110TH CONGRESS  
2D SESSION

# H. R. 5958

To make permanent the increases made by the Economic Stimulus Act of 2008 in the loan limits for the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the FHA.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2008

Mr. MCNERNEY (for himself and Mr. GARY G. MILLER of California) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To make permanent the increases made by the Economic Stimulus Act of 2008 in the loan limits for the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the FHA.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Homeowner Oppor-  
5 tunity Act of 2008”.

1 **SEC. 2. PERMANENT CONFORMING LOAN LIMIT INCREASE**  
2 **FOR HIGH-COST AREAS FOR FANNIE MAE**  
3 **AND FREDDIE MAC.**

4 (a) FANNIE MAE.—Section 302(b)(2) of the Federal  
5 National Mortgage Association Charter Act (12 U.S.C.  
6 1717(b)(2)) is amended—

7 (1) in the second sentence, by redesignating  
8 clause (A) through (C) as clauses (i) through (iii),  
9 respectively;

10 (2) in the third sentence, by striking “clause  
11 (A)” and inserting “clause (i)”;

12 (3) by inserting “(A)” after “(2)”; and

13 (4) by adding at the end the following new sub-  
14 paragraph:

15 “(B)(i) Notwithstanding subparagraph (A), for mort-  
16 gages originated on or after January 1, 2009, the limita-  
17 tion on the maximum original principal obligation of a  
18 mortgage that may be purchased by the corporation shall  
19 be the higher of—

20 “(I) the limitation determined under subpara-  
21 graph (A) for a residence of the applicable size; or

22 “(II) 125 percent of the area median price for  
23 a residence of the applicable size, but in no case to  
24 exceed 175 percent of the limitation determined  
25 under subparagraph (A) for a residence of the appli-  
26 cable size.

1       “(ii) The areas and area median prices used for pur-  
2 poses of the determination under this subparagraph shall  
3 be the areas and area median prices used by the Secretary  
4 of Housing and Urban Development in determining the  
5 applicable limits under section 203(b)(2) of the National  
6 Housing Act (12 U.S.C. 1709(b)(2)). A mortgage that is  
7 eligible for purchase by the corporation at the time the  
8 mortgage is originated under this subparagraph shall be  
9 eligible for such purchase for the duration of the term of  
10 the mortgage.”.

11       (b) FREDDIE MAC.—Section 305(a)(2) of the Fed-  
12 eral Home Loan Mortgage Corporation Act (12 U.S.C.  
13 1454(a)(2)) is amended—

14               (1) in the first sentence, by redesignating clause  
15       (A) through (C) as clauses (i) through (iii), respec-  
16       tively;

17               (2) in the second sentence, by striking “clause  
18       (A)” and inserting “clause (i)”;

19               (3) by inserting “(A)” after “(2)”; and

20               (4) by adding at the end the following new sub-  
21       paragraph:

22       “(B)(i) Notwithstanding subparagraph (A), for mort-  
23 gages originated on or after January 1, 2009, the limita-  
24 tion on the maximum original principal obligation of a

1 mortgage that may be purchased by the Corporation shall  
2 be the higher of—

3 “(I) the limitation determined under subpara-  
4 graph (A) for a residence of the applicable size; or

5 “(II) 125 percent of the area median price for  
6 a residence of the applicable size, but in no case to  
7 exceed 175 percent of the limitation determined  
8 under subparagraph (A) for a residence of the appli-  
9 cable size.

10 “(ii) The areas and area median prices used for pur-  
11 poses of the determination under this subparagraph shall  
12 be the areas and area median prices used by the Secretary  
13 of Housing and Urban Development in determining the  
14 applicable limits under section 203(b)(2) of the National  
15 Housing Act (12 U.S.C. 1709(b)(2)). A mortgage that is  
16 eligible for purchase by the Corporation at the time the  
17 mortgage is originated under this subparagraph shall be  
18 eligible for such purchase for the duration of the term of  
19 the mortgage.”.

20 (c) SENSE OF CONGRESS.—It is the sense of the Con-  
21 gress that the securitization of mortgages by the Federal  
22 National Mortgage Association and the Federal Home  
23 Loan Mortgage Corporation plays an important role in  
24 providing liquidity to the United States housing markets.  
25 Therefore, the Congress encourages the Federal National

1 Mortgage Association and the Federal Home Loan Mort-  
 2 gage Corporation to securitize mortgages acquired under  
 3 the increased conforming loan limits established by the  
 4 amendments made by this section, to the extent that such  
 5 securitizations can be effected in a timely and efficient  
 6 manner that does not impose additional costs for mort-  
 7 gages originated, purchased, or securitized under the ex-  
 8 isting limits or interfere with the goal of adding liquidity  
 9 to the market.

10 **SEC. 3. PERMANENT LOAN LIMIT INCREASE FOR HIGH-**  
 11 **COST AREAS FOR FHA.**

12 (a) IN GENERAL.—Section 203(b)(2) of the National  
 13 Housing Act (12 U.S.C. 1709(b)(2)) is amended by strik-  
 14 ing subparagraph (A) and inserting the following new sub-  
 15 paragraph:

16 “(A) that does not exceed the lesser of—  
 17 “(i) in the case of a 1-family resi-  
 18 dence, 125 percent of the median 1-family  
 19 house price in the area, as determined by  
 20 the Secretary; and in the case of a 2-,  
 21 3-, or 4-family residence, the percentage of  
 22 such median price that bears the same  
 23 ratio to such median price as the dollar  
 24 amount limitation determined under sec-  
 25 tion 305(a)(2) of the Federal Home Loan

1 Mortgage Corporation Act (12 U.S.C.  
2 1454(a)(2)) for a 2-, 3-, or 4-family resi-  
3 dence, respectively, bears to the dollar  
4 amount limitation determined under such  
5 section for a 1-family residence; or

6 “(ii) 175 percent of the dollar amount  
7 limitation determined under such section  
8 305(a)(2)(A) for a residence of the appli-  
9 cable size (without regard to any authority  
10 to increase such limitation with respect to  
11 properties located in Alaska, Guam, Ha-  
12 waii, or the Virgin Islands and without re-  
13 gard to the high-cost area limitation under  
14 such section 305(a)(2)(B)); except that the  
15 dollar amount limitation in effect under  
16 this subsection for any size residence for  
17 any area shall not be less than the greater  
18 of—

19 “(I) the dollar amount limitation  
20 in effect under this paragraph for the  
21 area on October 21, 1998; or

22 “(II) 65 percent of the dollar  
23 amount limitation determined under  
24 such section 305(a)(2)(A) for a resi-  
25 dence of the applicable size; and”.

1       (b) PUBLICATION OF AREA MEDIAN PRICES AND  
2 LOAN LIMITS.—Section 203(b) of the National Housing  
3 Act (12 U.S.C. 1709(b)(2)(A)) is amended by adding after  
4 and below paragraph (9) the following:  
5 “The Secretary of Housing and Urban Development shall  
6 publish the median house prices and mortgage principal  
7 obligation limits for all areas each year, not less than 45  
8 days before the time of determining the annual adjust-  
9 ments to the dollar amount limitations under section  
10 305(a)(2)(A) of the Federal Home Loan Mortgage Cor-  
11 poration Act (12 U.S.C. 1454(a)(2)(A))”.

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